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CCP PROMOTES USE OF JMP IN RURAL AREAS;  
BUILDS UP BANK DEPOSITS

PUSHES JMP IN RURAL AREAS -- Peiping Jen-min Jih-pao, 27 May 50

Shanghai, 24 May (Hsin-hua) -- On 23 May, the East China Military and Administrative Committee issued instructions concerning the expansion of Jen-min-p'iao or people's notes (JMP) circulation in the rural areas to encourage greater exchange of goods between city and country. The directive made the following points:

Since the Central People's government effected the centralization of financial and economic activities, the JMP has enjoyed broader circulation in all East China areas where communications are developed, and faith in the JMP has grown. In the smaller, out-of-the-way towns, however, the people still practice barter and use the silver yuan. Unless these practices are soon halted, they will obstruct the flow of goods between urban and rural areas and hinder the recovery and development of productive industry in city and country. The stage is already set for the expansion of JMP circulation in the rural areas, to promote commodity flow; success now lies in seizing the opportunity by strengthening organization and leadership.

All levels of the people's government are charged to give the program serious consideration, and to: (1) organize publicly operated trading agencies and cooperatives in city and country; (2) transport essential farm commodities, such as fertilizer, farm tools, bolt cloth, and other articles of everyday use into the rural areas and get them onto the market; (3) accept only JMP in payment for these commodities; (4) accept no other currencies, nor any commodities offered in barter.

Public monopolies are further required regularly to buy large quantities of agricultural products such as salt, tea, hemp, tobacco leaf, tung oil, and handicraft products. All transactions shall conform to the prices established by the Ministry of Trade and be guided according to reasonable sale and purchase prices with respect to existing conditions of market supply in the respective areas. Taking the hsien as the unit, the first step is to select a number of important

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towns and establish publicly operated retail outlets, or authorize the cooperatives to act as retail agencies, or set up cooperatives for supply, transport, production, and credit functions. Care shall be taken to sell them wholesale lots of merchandise at equitable wholesale prices so that these commodities will be marketed throughout the farming communities and the circulation of JMP will be extended.

As there is a shortage of JMP in the farming villages at present, it will be necessary to start investing suitable amounts of JMP in those areas. In wheat-producing areas, large quantities of farm products and by-products should be purchased now. Where wheat production is comparatively low, the People's Bank of China shall make currency loans on the basis of actual conditions. The circulation of the silver yuan shall be stringently forbidden in areas where it is found to be still in use, and the People's Bank shall accept silver yuan for purposes of exchange.

Cooperatives, public trade agencies, and agencies which administer national tax revenues must use JMP in all payments and budgets. The amounts of essential farm commodities which can be marketed must be determined by investigation and such amounts must subsequently be delivered to the appropriate places at the right time, in keeping with seasonal conditions. It is essential to avoid delivering goods to areas where they are not needed, or doing anything which would impede capital funds, waste transport facilities, or add to costs.

#### JMP CONTROLS HUNAN MARKETS -- Peiping Jen-min Jih-pao, 27 May 50

Ch'ang-sha, 24 May (Hsin-hua) -- Since the stabilization of commodity prices throughout Hunan Province, faith in JMP has risen and the currency market has shown marked changes. Tradesmen in Hsiang-chung, Ch'ang-sha, and other centers along the line of communications adopted a "take it or leave it" attitude toward JMP during the period of fluctuation. After the price stabilization, however, investors had to dump their hoarded commodities onto the market, thus putting capital funds back into circulation. The people were no longer anxiously buying up essential goods but were content to carry currency on their person or deposit it in the bank. Currency circulation slowed down accordingly, while bank deposits rose. The surplus of private individuals' deposits at the Ch'ang-te People's Bank on 20 April 1950 was ten times the February figure. In areas where the silver yuan formerly persisted, or where barter had flourished, the JMP has begun to circulate in the market.

A survey taken in the town of Ho-fu, Ch'ang-te Hsien, reveals that JMP circulated on the January market in only small quantities, and tradespeople in general were not willing to accept JMP. Following proscription of the silver yuan in February, barter became the basis of transactions. A black market developed in silver yuan and JMP could not command the market. JMP circulation gradually increased after March as a result of the rent reductions, increased political awareness on the part of the farming population, and the centralization of the nation's financial and economic functions. In the beginning of April, 30 percent of market transactions were based on JMP, while barter and black-market silver yuan accounted for the remaining 70 percent.

By 24 April, a survey of ten enterprises indicated that JMP commanded 74 percent of the market; within this category, food and drink enterprises were conducted wholly on the basis of JMP. More than 90 percent of the market transactions in foodstuffs, general merchandise, fishing, slaughtering, and umbrella industries were handled in JMP. The sole exception is cotton yarn, where JMP still command only 20 percent of the market transactions. The other 80 percent represents barter and, in this area, cotton cloth is the item customarily exchanged for the yarn.

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CENTRAL-SOUTH CHINA BANK EXCEEDS DEPOSIT QUOTAS -- Hankow Ch'ang-chiang Jih-pao, 25 May 50

The six provincial branches of the People's Bank, two municipal branches, and 27 branch subsidiaries of the Central and South China Regional District have already exceeded the year's deposits goal established by the National Monetary Conference held in February. The established goal was 1,040 billion yuan, but by 20 May 1950, data from the various banks indicated that they had on deposit a total of 1,548,200,000,000 yuan, or 48.7 percent over quota.

The Hunan branch has exceeded its quota by 105 percent, the Wuhan branch by 68 percent, the Honan branch by 32 percent, the Canton branch by 56 percent, the Kiangsi branch by 27 percent, the Kwangsi branch by 50 percent, and the Hu-peh branch by 3 percent. As a result, currency values have been stabilized and the amount of credit available for loans to productive enterprises greatly increased.

This huge increase in bank deposits has resulted primarily from stabilized prices and the consequent confidence in the currency on the part of depositors, who have reversed their former psychology of transferring cash into goods. Private citizens, public enterprises, and popular organizations have all increased their holdings and the number of depositors has grown steadily.

CHEKIANG BANK MAKES HUGE LOANS -- Shanghai Hsin-wen Jih-pao, 27 May 50

Hangchow -- The Chekiang branch of the People's Bank and the Banks of China and Communications, to aid private industry overcome its difficulties, during the last 4 months have loaned a total of 10,041,320,000 yuan in Hangchow alone. Industrial loans accounted for 84 percent of this total. The balance was provided to exporters, carriers, etc. Many of the loans were short term and soon paid. Others were long term, to be paid in installments.

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